ANNUAL REPORT
1986 — 1987

Health Services Commission
of Prince Edward Island

Health Services Commission of Prince Edward Island

Jones Building
11 Kent Street
Charlottetown
Prince Edward Island
C1A 7P4

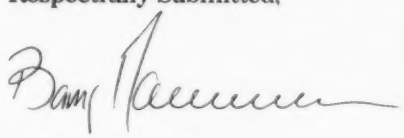
ANNUAL REPORT
For the Year Ending
March 31, 1987

Hon. Keith Milligan
Minister of Health and Social Services
Province of Prince Edward Island
Charlottetown, P.E.I.

Honourable Minister:

In accordance with Section 8 (1) of the Health Services Payment Act, I have the honour to present this report of the Health Services Commission on its operation for the year ended March 31, 1987.

Respectfully Submitted,



Mr. Barry MacMillan
EXECUTIVE DIRECTOR
Health Services Commission of
Prince Edward Island

MEMBERS

Health Services Commission

and

Executive Director

Members	Effective Date of Appointment
Mrs. Lucille Hogg, Chairman Tea Hill	November 8, 1984
Mr. Bennett Carr, Vice-Chairman West Royalty	November 20, 1985
Dr. R.D. Drysdale Charlottetown	September 10, 1983
Dr. Kent Ellis Hunter River	September 10, 1983
Mr. John Clarey Montague	May 22, 1986
Mr. Claude Paynter Sherwood	November 26, 1981
Mr. Alden Weeks O'Leary	November 22, 1984

Executive Director

Mr. J. Brendon McGinn/Mr. Keith Wornell/Mr. Barry MacMillan

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THE COMMISSION AND COMMITTEES

HEALTH SERVICES COMMISSION

The Health Services Commission of Prince Edward Island is responsible for performing duties assigned to it by the Lieutenant Governor-in-Council in accordance with the Health Services Payment Act and other relevant legislation.

Legislation requires the Commission to:

- operate a health services plan for residents of Prince Edward Island;
- establish a tariff of fees or other systems of payment for health services;
- consult with appropriate professional organizations before establishing or altering any tariff providing for payment in respect of basic health services provided to residents of Prince Edward Island;
- interpret tariffs and determine their application to the assessment of claims, and;
- receive and disburse all moneys pertaining to the Health Service Payment Plan.

APPEAL BOARD:

MEMBERS: Dr. L. S. Cox
Ms. Ann Gillis
Mr. Edison Raynor

The Appeal Board hears appeals from any person who is aggrieved by a decision or order of the Health Services Commission on a claim or any other matter relating to the Administration of the Plan. The decision of the Appeal Board is final.

JOINT PROFESSION-GOVERNMENT COMMITTEE FOR MONITORING OF SELECTIVE OPTED-OUT PHYSICIANS

MEMBERS: Mr. Bennett Carr
Mrs. Lucille Hogg
Dr. Edward Kassner
Mrs. Doris MacWilliams
Mr. Melvin McQuaid, Chairman
Mr. Peter Rossiter
Dr. Harold P. Stewart

This Committee was established to monitor, analyze and review the incidence of opting out and of charges being billed to patients as a result of negotiations which gave physicians the right to opt out and bill patients for selective services or a series of selective services.

MEDICAL ADVISORY COMMITTEE

MEMBERS:
Dr. G.T. Cottreau, Chairman
Dr. Ivor Campbell
Dr. Brian Mann
Dr. R. Davison
Dr. D. Cudmore
Dr. B. Spears
Dr. G. Costain

The Medical Advisory Committee is comprised of actively practicing physicians. It is responsible for making recommendations on issues and items referred to it by the Commission, including: claims for payment, cases involving a possible overservicing of a patient by a physician or overutilization of basic health services by a resident; medical requirement of services provided by a physician in a specific case; expanding or restricting the plan of basic health services; and new, novel or unusual medical practices or procedures that have been suggested for inclusion under the Plan.

NEGOTIATIONS COMMITTEE FOR MEDICAL SOCIETY NEGOTIATIONS

MEMBERS:
Mrs. Lucille Hogg, Chairman
Mr. Bennett Carr, Vice-Chairman
Mr. John Hobbs
Mr. David MacCormac
Dr. J.C. Sinnott
Mr. Keith Wornell
Mr. John Tarrel, Actuary

This Committee negotiates the Tariff of Fees with the Medical Society in addition to the items contained in the Preamble to the Tariff of Fees. In addition, this Committee negotiates with the Dental Association.

HIGHLIGHTS — 1986-87

— Contract was settled with Medical Society for the 1986-87 year.

— John Clarey, Montague, replaced Jack MacNeill (deceased), Murray Harbour, as a Commission Member.

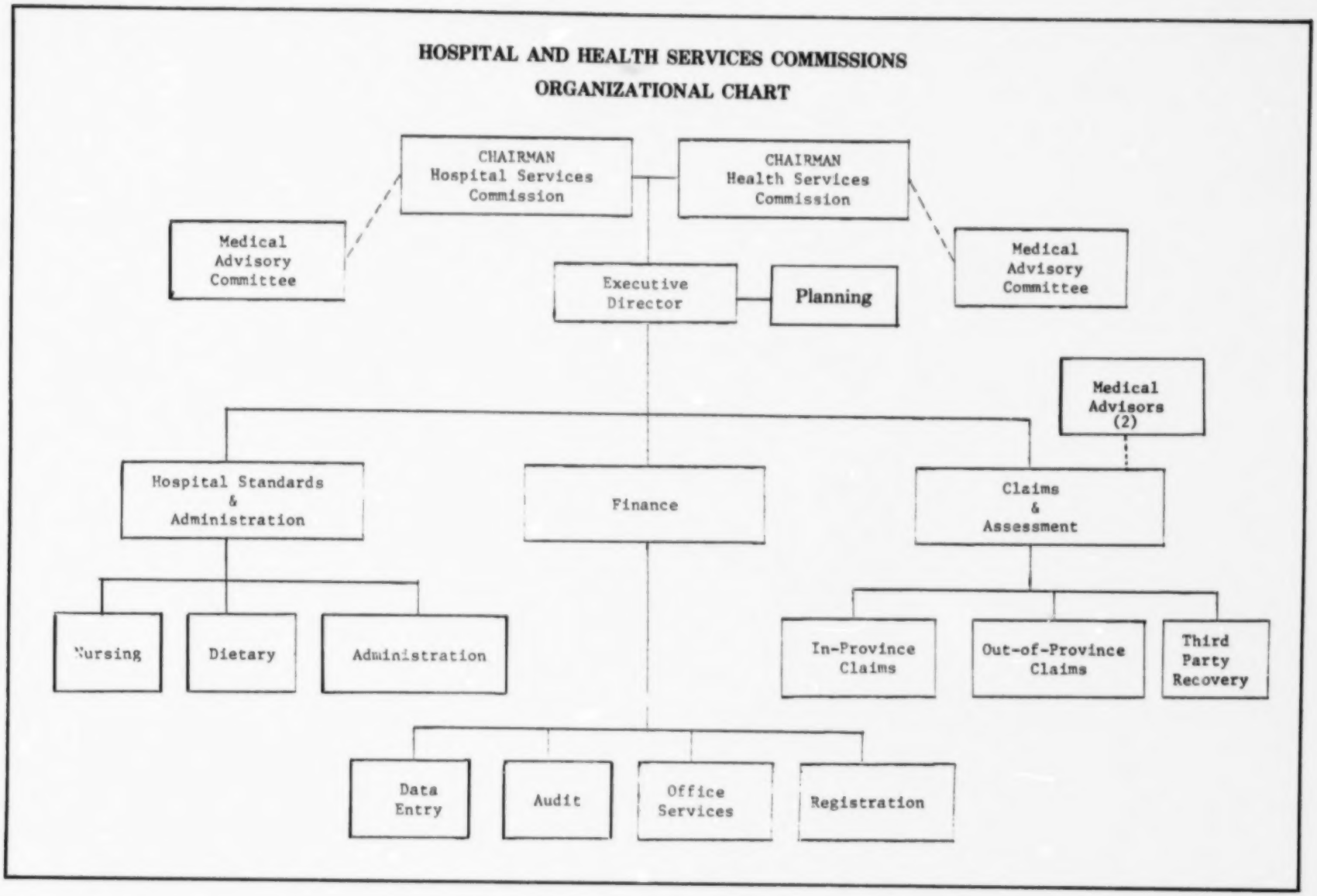
— Health Services Payment Act Regulations, amended to allow Maxillo Facial Prosthesis.

— Contract was settled with Dental Association on the Tariff of Fees for Surgical — Dental Procedures.

— Appointment of Barry MacMillan as Executive Director of the Hospital and Health Services Commissions.

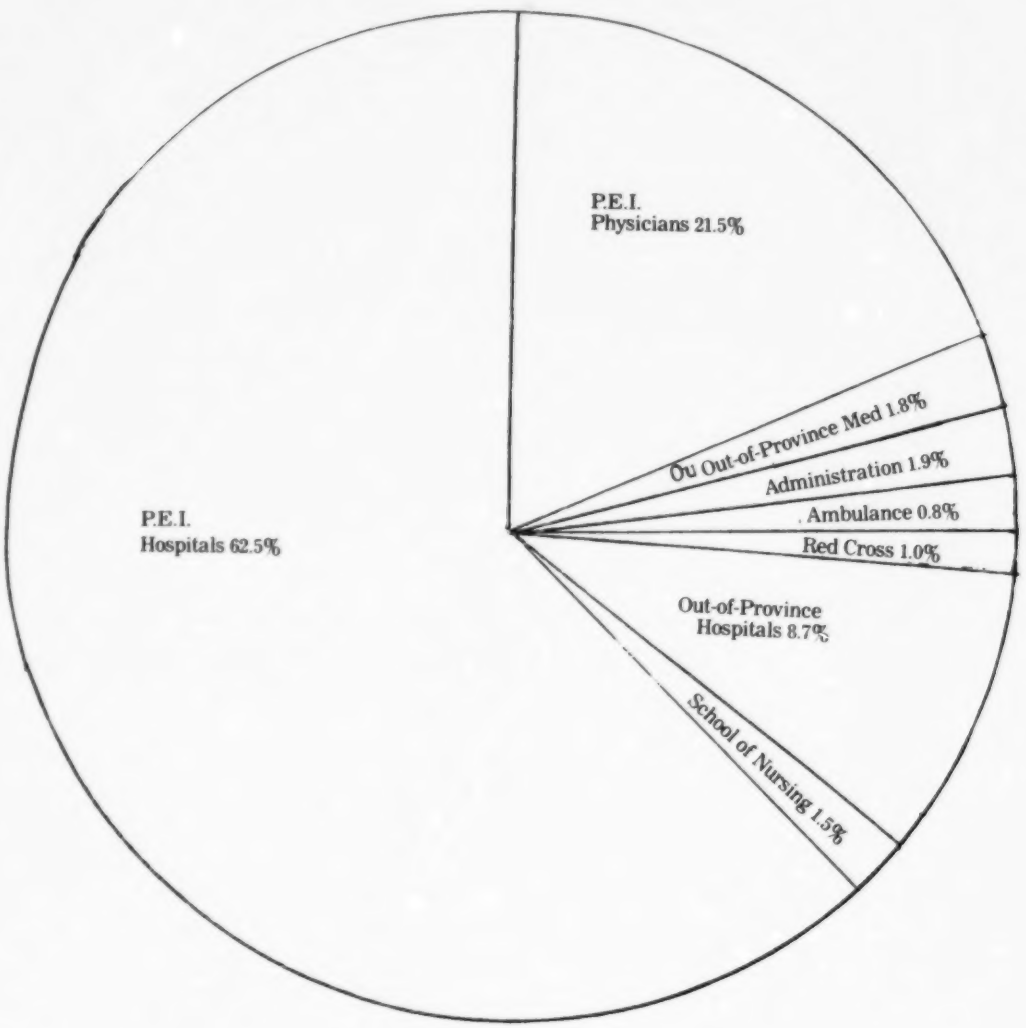
— Dr. Douglas Cudmore and Dr. Ben Spears were confirmed as the new members of the Medical Advisory Committee for a three year period effective January 1, 1987.

HOSPITAL AND HEALTH SERVICES COMMISSIONS
ORGANIZATIONAL CHART



Distribution of Expenditures of both the
Hospital and Health Services Commissions of P.E.I.

1986-87



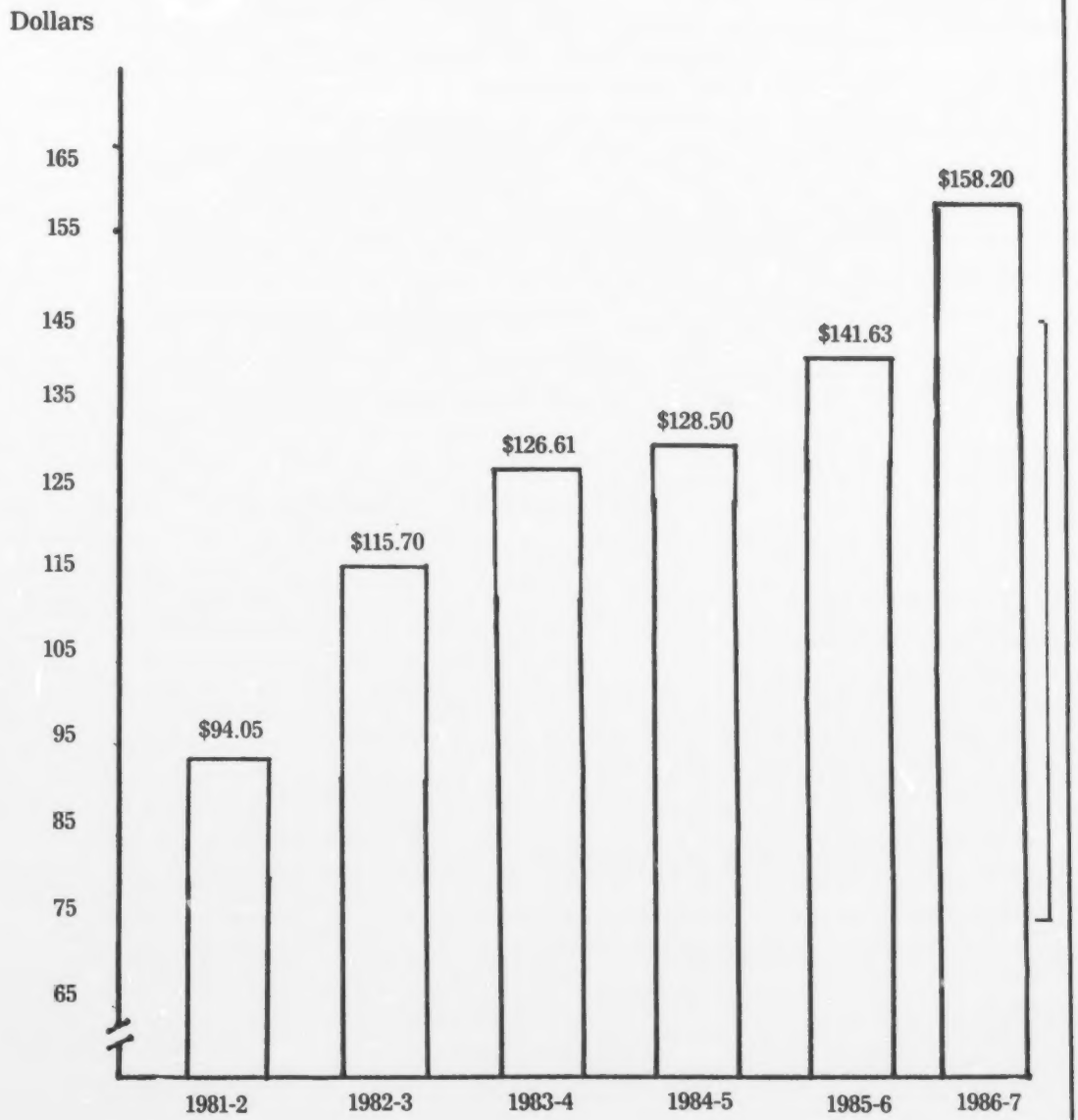
Total Expenditures = 92,368,542

INTRODUCTION

The Health Services Commission is responsible for paying claims submitted by physicians at rates established under the Tariff of Fees. Under the Tariff of Fees, rates are established for each type of treatment or procedure performed by a physician on behalf of a resident of Prince Edward Island. Increases in payments to physicians can therefore result from four factors: an increase in the number of doctors, an increase in the number of times insured residents of Prince Edward Island visit doctors, an increase in the rates paid under the Tariff of Fees, and/or an increase in the number of relatively more expensive treatments or procedures that are provided and performed by physicians.

Per Capita Cost of In-Province Physicians' Services

1981-82 to 1986-87



1985 Population: 127,100

BENEFITS OF THE HEALTH INSURANCE PLAN

The Plan contributes towards the cost of most medically required services rendered by the physicians including:

- visits to the patient's home, to the doctor's office or in hospital
- anaesthetic services
- surgical services
- obstetrical services, including pre-natal and post-natal visits
- certain oral surgery procedures performed by dentists where admission to hospital is required
- eye refractions performed by a physician

The following physician services are not included as benefits:

- services not related to the prevention, diagnosis or treatment of disease such as medical examinations for employment or insurance coverage, attendance at an educational institution, etc.
- group inoculations and immunizations such as those carried out in schools
- preparation of testimony reports, doctors' certificates, etc., required for administrative or legal purposes
- advice or prescriptions given over the telephone except for advice re anticoagulant therapy
- doctor's travel time, detention time required in a patient's home unless special permission is obtained from the Commission
- cosmetic surgery unless medically required
- materials or drugs used by any physician while rendering medical services
- eye glasses or lenses or other appliances such as hearing aids, artifical limbs, or other devices

Services provided by chiropractors, audiologists, podiatrists, osteopaths, physiotherapists, optometrists, nurses or other para-medical personnel are not included in the Plan, nor are the normal services rendered by a dentist in his office.

ADMINISTRATION OF THE PLANS

The Hospital Care Insurance Plan and the Health Insurance Plan form part of the overall health services of the province.

The Hospital and Diagnostic Services Insurance Act provides the legislative authority under which residents of the province are insured against the costs of necessary hospital care and other services in aid of diagnosis.

Under the Health Services Payment Act, provision is made for payment toward the cost of basic health (medical) services for all insured residents of the province.

The cost of both Plans is funded by the Province of Prince Edward Island and the Government of Canada. There are no premiums required under either Plan, and the provincial share is provided through general revenue.

The administration of the Hospital Care Insurance Plan and the Health Insurance Plan is combined. Policy is determined separately by the two Commissions within the terms of reference of their Act.

Day to day administration of the Plans is carried out through a Division of Claims and Assessment, a Division of Standards and Administration, and a Division of Finance, each responsible to the Commission through the Executive Director. Medical care problems relating to the operation of each Plan are considered by its Medical Advisor who may seek advice from its Medical Advisory Committee of five physicians nominated by the Medical Society of Prince Edward Island and appointed by the Commission.

The Medical Advisory Committees meet on an "as required" basis and play an important role in the smooth and efficient administration of the Plans.

DESCRIPTION OF DIVISIONS

Hospital Standards and Administration Division
R. Thelma Cameron, Director

This Division has the responsibility of ensuring through the development and maintenance of reasonable standards, insofar as possible, the effective utilization of services provided by the general hospitals, the licensed ambulance operators, the licensed nursing homes operators, the School of Nursing, and the Central School of Nursing Assistants.

The Division has the following duties:

- To review and analyze the utilization trends
- to conduct such studies as it deems necessary to determine the standards are being maintained.

This is accomplished through the medium of nursing, hospital administration, and dietary consultants.

Claims and Assessment Division
John R. Hobbs, Director

The Division of Claims and Assessment is responsible for processing both physician and hospital claims through a system of claims and assessment rules to ensure that claims submitted are for insured services and are medically necessary.

There are three sections in this Division: In-Province Claims, Out-of-Province Claims, and Third Party Recovery. Their responsibilities include:

- processing all claims for services received in the province
- integrating information from both hospital and physician claims on individual patient history cards
- random audit program to determine from patients whether a service was rendered as claimed by a physician
- processing all claims incurred by residents of Prince Edward Island outside the province
- investigating cases where a third party was the cause of the illness or injury of the patient, and recovering monies where possible
- field investigations regarding eligibility status of Prince Edward Island residents.

Finance Division
David R. MacCormac, Director

The primary function of the Finance Division is to provide management with financial information for use in making policy and operating decisions. Secondarily, it acts as a service centre for hospitals and Divisional Directors on areas where financial advice is requested or required.

Responsibilities of the various sections within the Division of Finance include:

- financial management, planning and control
- financial accounting for the Commissions
- data entry for thirty two computer programs
- batching and processing claims for data control
- general office services including switchboard
- maintenance of the resident registration files
- cash and budget control
- development of internal financial, manual, and computerized systems
- internal audit functions in hospitals.

AUDITOR GENERAL

Charlottetown

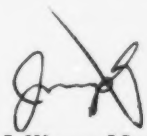
Prince Edward Island

AUDITOR'S REPORT

To the Commissioners of the Health Services Commission

I have examined the balance sheet of the Health Services Commission of Prince Edward Island as at March 31, 1987, and the statement of financial activities for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987, and the results of its operation for the year then ended in accordance with the basis of accounting as disclosed in note 1 of the financial statements applied on a basis consistent with that of the preceding year.



J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
July 7, 1987

STATEMENT 1

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

BALANCE SHEET

MARCH 31, 1987

(with comparative figures at March 31, 1986)

ASSETS

	1987	1986
CURRENT ASSETS		
Accounts Receivable		
— Province of Prince Edward Island		
— Note 1 (b)	$2,430,172	$2,057,863
FIXED ASSETS		
Office furnishings and equipment		
— Note 1 (a)	1	1
	$2,430,173	$2,057,864

LIABILITIES

CURRENT LIABILITIES		
Bank Overdraft	$ 384,473	$ 406,049
Accounts Payable		
— Medical claims outstanding — Note 1 (c)	1,997,344	1,559,432
— Hospital Services Commission	48,356	92,383
	$2,430,173	$2,057,864

(Notes 1 to 3 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: _____

COMMISSIONER: _____

STATEMENT 2

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31, 1987

(with comparative figures for the year ended March 31, 1986)

	Budget 1987	1987	1986
REVENUE			
Provincial Appropriation — Note 2	$21,311,200	$22,752,934	$20,608,059
Third Party recoveries	-	14,662	20,396
	21,311,200	22,767,596	20,628,455
EXPENSES			
Medical claims — Province of Prince Edward Island	18,888,500	20,107,622	18,001,246
— Other provinces	1,477,000	1,700,134	1,630,425
Administration	945,700	959,840	996,784
	21,311,200	22,767,596	20,628,455
Net result for the year	$ -	$ -	$ -

(Notes 1 to 3 are an integral part of these financial statements)

HEALTH SERVICES COMMISSION OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1987

1. Summary of significant accounting policies:

   a) Depreciation —

   Fixed assets are recorded at a nominal value of one dollar; therefore, no depreciation is charged.

   b) The account receivable from the Province of Prince Edard Island is directly related to the accounts payable for medical claims and the bank account. As the liability is realized the Province transfers the necessary funds for payment.

   c) Claims outstanding are determined on the basis of actual payments after March 31 year end and on prior years' experience.

	March 31, 1987	March 31, 1986
Accounts payable		
In-Province Physicians	$1,698,810	$1,272,989
In-Province Radiologists	71,023	62,459
In-Province Salaried Physicians	1,430	604
Out-of-Province Physicians and Patients	222,781	223,380
Other	3,300	-
	$1,997,344	$1,559,432

2. Provincial Appropriation

	1987	1986
Original Appropriation	$21,311,200	$18,932,600
Additional Appropriation	1,430,734	1,515,459
Transfer	11,000	160,000
Total Provincial Appropriation	$22,752,934	$20,608,059

3. Subsequent Events

An Act to amalgamate the Health Services Commission and the Hospital Services Commission called the "Hospital and Health Services Commission Act" was assented to during the 1987 session of the Legislature. This Act comes into force on such date as may be fixed by proclamation of the Lieutenant Governor-in-Council. Order-in-Council 481/87 proclaimed the Hospital and Health Services Commission Act to come into force effective September 26, 1987.

STATISTICAL SECTION

All Physicians in the province are participating in the Health Services Payment Plan and are paid according to an agreed Tariff of Fees.

The following charts and tables displays some of the major situations and trends in health payments.

Physicians Practicing In Prince Edward Island

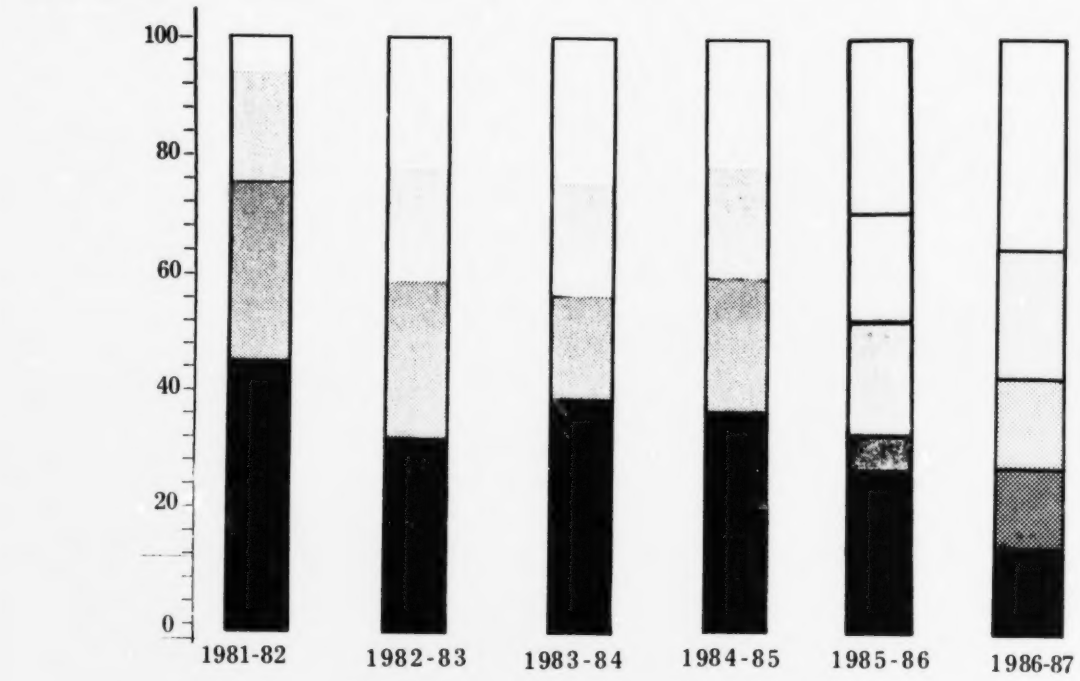
As Of March 31, 1987

General Practitioners		79
Specialists:		
Surgeons	10	
Obstetricians and Gynecologists	7	
Internal Medicine	12	
Ear, Nose, and Throat	3	
Orthopedic Surgery	3	
Ophthalmologists	3	
Paediatricians	4	
Urology	1	
Anaesthesists	7	
Psychiatrists	7	
Other	3	
TOTAL SPECIALISTS		59
TOTAL PHYSICIANS		139**

** Included in this table are only those physicians who were paid $20,000 or over by the Plan.

PER CENT OF PHYSICIANS BY RANGE OF ANNUAL PAYMENT

1981-82 to 1986-87



Legend: Payments

$20,000 $59,000	$ 90,000 $119,000	$150,000 & over
$60,000 $89,000	$120,000 $149,000	

TABLE 1

Fee For Service Payments

1986-87

Payments	Specialists	General Practice	Total
$540,000 - $549,999	1		1
$310,000 - $319,999	1		1
$300,000 - $309,999	1		1
$270,000 - $279,999	1		1
$260,000 - $269,999	2		2
$240,000 - $249,999	1		1
$230,000 - $239,999	1	2	3
$220,000 - $229,999	4	1	5
$210,000 - $219,999	3		3
$200,000 - $209,999	1	1	2
$190,000 - $199,999	4		4
$180,000 - $189,999	2	3	5
$170,000 - $179,999	4	1	5
$160,000 - $169,999	3	5	8
$150,000 - $159,999	1	5	6
$140,000 - $149,999	4	6	10
$130,000 - $139,999	5	7	12
$120,000 - $129,999	3	6	9
$110,000 - $119,999	2	7	9
$100,000 - $109,999	3	4	7
$ 90,000 - $ 99,999	3	3	6
$ 80,000 - $ 89,999	2	3	5
$ 70,000 - $ 79,999	1	3	4
$ 60,000 - $ 69,999	2	8	10
$ 50,000 - $ 59,999	2	3	5
$ 40,000 - $ 49,999	-	-	-
$ 30,000 - $ 39,999	1	7	8
$ 20,000 - $ 29,999	2	4	6
TOTAL	60	79	139

NOTE: Designated as Specialists are those included in the list of Specialists at the Medical Council; and others known to confine their practice to a particular speciality.

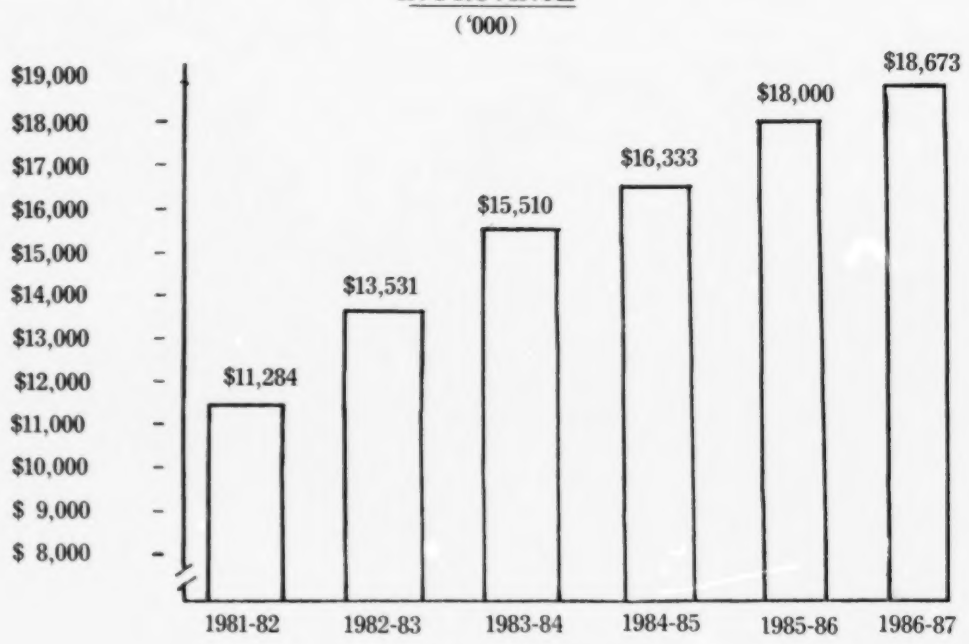
CLAIMS PROCESSING RESULTS

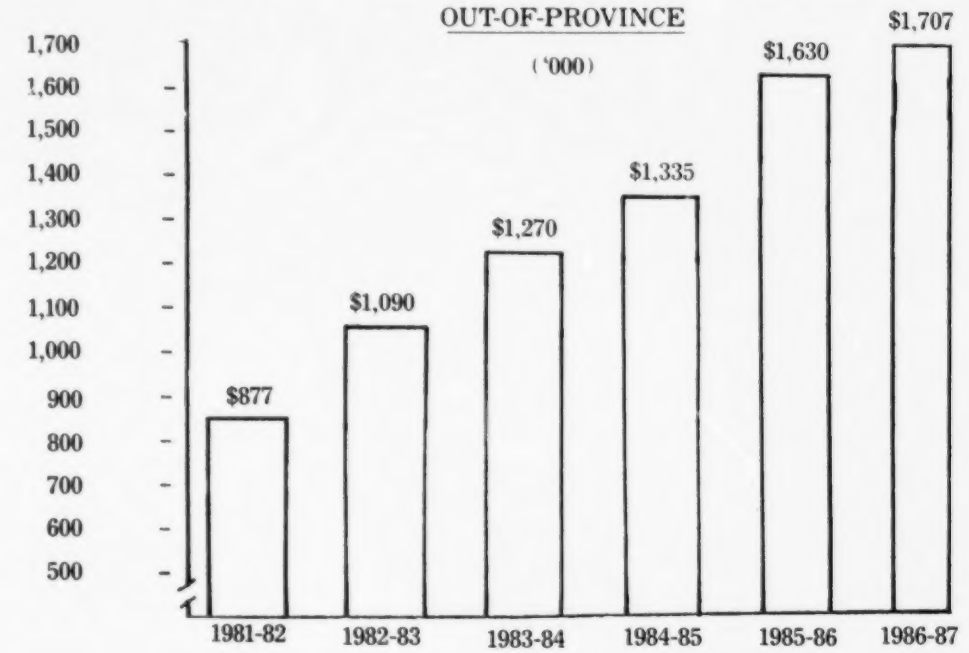
1986-87

	1985-86	1986-87
Claims (In-Province)		
Number received from physicians	683,981	747,627
Percentage Increase over Previous Year	0.73%	1.2%
Value of Rejected Claims	$145,956	228,002
Claims (Out-of-Province)		
Number of Claims Paid	17,169	18,463
Percentage Increase over Previous Year	9.38%	7.54%
Recoveries From Third Parties		
Files Opened	525	760
Percentage Increase over Previous Year		44.7%
Non-Payment Settlement	319	456
Non-Vehicular Accidents	17	42
Workers' Compensation Claims	3	0
Recovered	130	181
Pending at Year End	56	81
Resident Registration	4,666	4,521

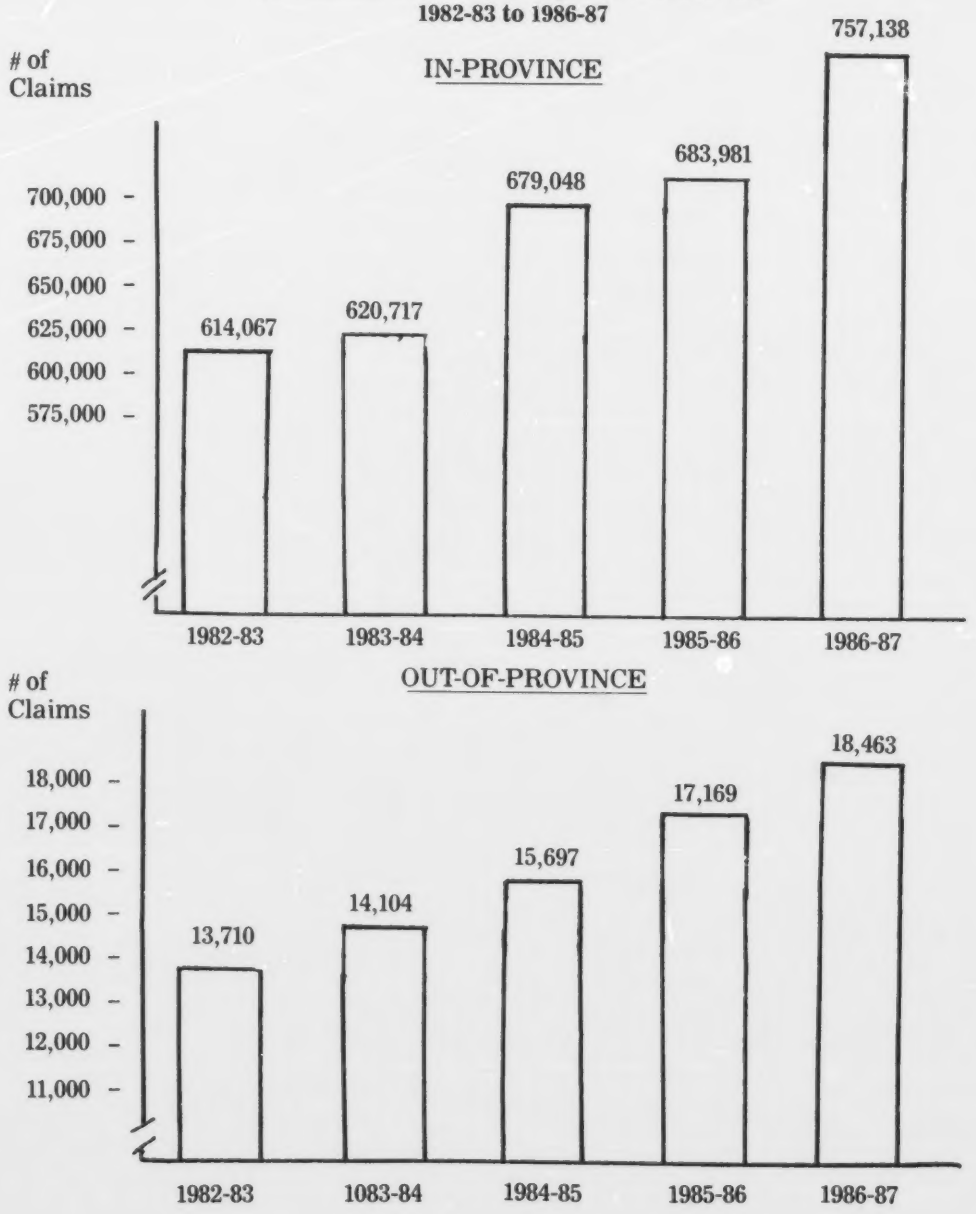
Total $'s

Total Amount Paid by Fee-for-Service
1981-82 to 1986-87

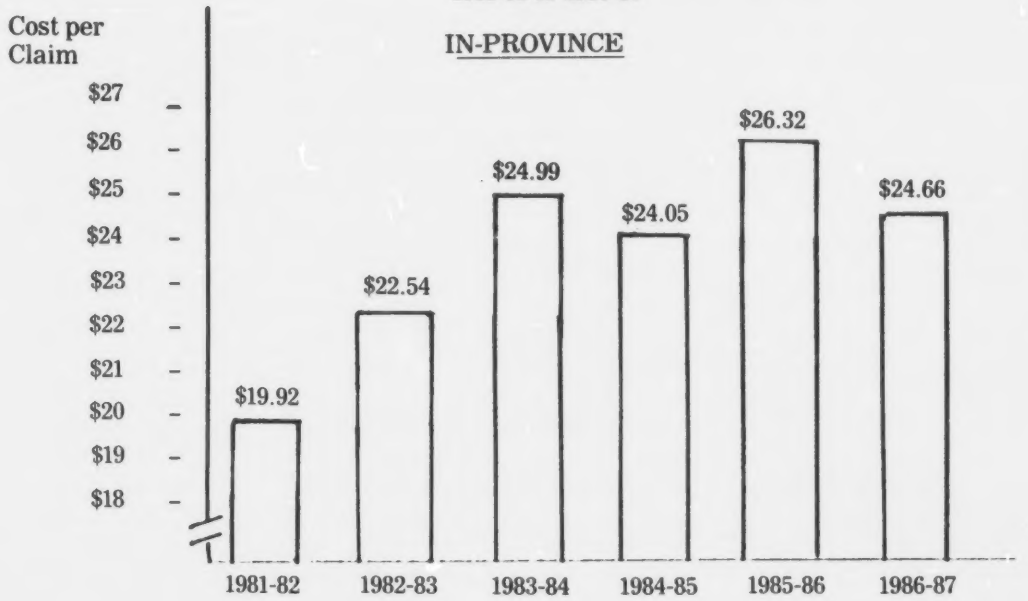




Number of Claims Paid by Fee-For-Service
1982-83 to 1986-87



Average Amount Paid Per Physician's Claim
1981-82 to 1986-87



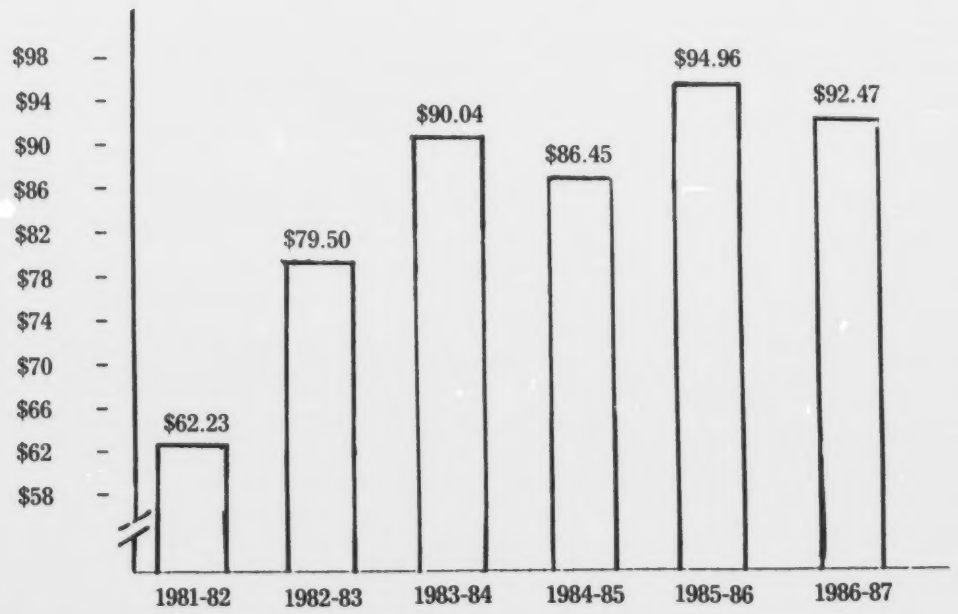


TABLE II

Services Paid — Fee for Service: Monthly Value of Services Incurred — In-Province

Claims Paid — Fee for Service: Monthly Value of Claims Incurred — Out-of-Province

Month of Payment	1986-87 IN-PROVINCE No. Services	Dollar Amount	Average Cost Per Service	1986-87 OUT-OF-PROVINCE No. Claims	Dollar Amount	Average Cost Per Claim
1986 - April	58,173	$1,092,803	$18.79	1,950	$166,102	$ 85.18
May	68,436	$1,340,992	$19.59	1,647	$144,321	$ 87.63
June	93,433	$1,774,794	$19.00	1,083	$117,620	$108.63
July	64,584	$1,278,470	$19.80	1,691	$165,611	$ 97.94
August	75,637	$1,170,523	$15.48	1,127	$101,500	$ 90.06
September	92,611	$1,755,086	$18.95	1,511	$136,537	$ 90.36
October	80,475	$1,541,276	$19.15	1,661	$151,498	$ 91.21
November	78,967	$1,520,472	$19.25	1,751	$137,498	$ 78.52
December	104,710	$2,094,788	$20.00	1,557	$141,210	$ 90.69
1987 - January	80,848	$1,515,043	$18.74	1,326	$176,642	$133.21
February	78,411	$1,496,994	$19.09	1,709	$139,892	$ 81.85
March	107.994	$2,091,609	$19.37	1,450	$128,897	$ 88.89
TOTAL FOR THE YEAR	984,279	$18,672,850	$18.97	18,463	1,707,328	92.47

* Excludes Radiology Payment and Services.